

ADMINISTRATIVE-INTERNAL USE ONLY

PPA/PRA STUDY WORKING GROUP DIARY

Page 1

1974
16 Oct m19
17 Dec m19

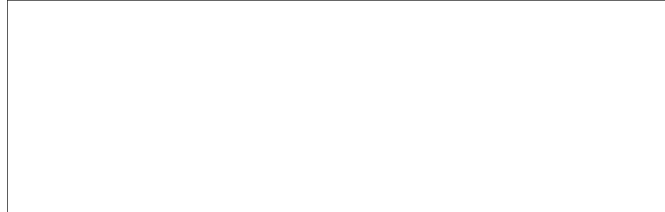
20 May 1974

The D/L forwarded to the Comptroller and to the D/F a copy of the O/L "Review of the Property Procurement Allotment (PPA) and Property Requisitioning Authority (PRA) System and Alternative Systems". In his transmittal memorandum, the D/L suggested establishment of a working group of O/Compt, O/F, and O/L representatives for further examination of the subject.

9 July 1974

The D/L convened a meeting of representatives of the three offices to establish objectives and organization of the PPA/PRA Study Working Group. The following individuals are named:

O/Compt
O/F
O/L



The group was charged with the responsibility for in-depth examination of the subject and for appropriate recommendation for change or for retention of the system for budgetary and financial management of the property system.

1 August 1974

The initial meeting of the Working Group was held which was devoted to general discussion of the PPA/PRA system and to procedural approaches. The decision was reached that the first step should be creation of a contact group composed of personnel from each of the four directorates to assure that the Working Group has information, requirements, and preferences of a representative group of the Agency's operating components. In response to D/L memorandum of 14 August 1974, the senior planning officer of each directorate named the following listed personnel to serve in the capacity of directorate representative:

DD/A
DD/I
DD/O
DD/S&T



In addition to the directorate representatives, the DD/S&T and DD/A planning officers suggested representation by OTS and O/C which now have responsibility for cognizant inventory budgets.

ADMINISTRATIVE-INTERNAL USE ONLY

ADMINISTRATIVE-INTERNAL USE ONLY

PPA/PRA STUDY WORKING GROUP DIARY

Page 2

16 October 1974

Attending the initial meeting of the Working Group with the Directorate Consultant Panel were:

DD/A

DD/I

DD/S&T

DD/O

PPA/PRA STUDY WORKING GROUP

The meeting was opened by [] who briefly outlined the purposes for creation of the Directorate Consultant Panel and for the meeting. She requested general comments by Mr. [] and then requested each member of the Panel to comment on the PPA/PRA Study, to identify, with rationale, the initially preferred optional system, to ask questions, to offer suggestions or alternatives, and/or to make such other comments as appropriate.

[] underscored the DCI's interest by quoting from his mandate for an OPPB study of the property system. He interjected here that when they approached this that they learned O/L had initiated and was working on a study of the PPA/PRA system and postponed any further effort on their part pending completion of the O/L study. He commented that it is the DCI's intention that Agency managers be held responsible for the use and allocation of resources and to ensure managerial responsibility through the budgetary process.

[] stated that O/F reserves its statement on relative merits of the present system versus any alternatives until the major users of the property system have had an opportunity to express their views.

[], DD/S&T representative, stated that the initial preference was for direct funding in special recognition of the problems now encountered under the present PPA/PRA system with the OTS cognizant budget. The current system can result in a double charge to the customer's PRA as the result of turn-in and subsequent draw-down from stock of the same item.

ADMINISTRATIVE-INTERNAL USE ONLY

Although recognizing that the system does provide relief from the second charge, it was pointed out that this is not automatic and that the component concerned has to identify each action. This is a particularly acute problem in the case of OTS cognizant materiel which, in many instances, is not for permanent issue but rather is for temporary use after which it could be returned to stock. The result has been the establishment of an in-use account by OTS headquarters primarily to avoid the double costing aspect. [] stated that insofar as other components of the directorate were concerned, there would be no insoluble budget problems arising from adoption of the system for direct funding.

[] OTS representative, reiterated the problems facing OTS that had been described by []. He also pointed out the paradox of having responsibility for budgeting inventory accessions and at the same time subject to PRA limitations on the current-year drawdowns of these stocks.

[] DD/I representative, commented that the DD/I materiel needs are modest and that, after reviewing the PPA/PRA Study with its alternative options, the DD/I believes that it can accommodate, without difficulty, any one of the systems. He expressed no preference for any one of the options.

[] DD/A representative, indicated DD/A has no problems with the current PPA/PRA system which, over the years, has proven effective. He indicated, however, that O/C supports the concept of direct funding. He noted that O/C is experiencing some difficulties with the inventory budget for agency communications materiel which is in support of DD/O use requirements. He also pointed out the potential difficulties that would face O/I in being assigned budget responsibility for common stocks under the direct funding concept.

[], OC/S/AD/FB which maintains PRA records for O/C, spoke at some length of the extent to which manual work is now required for maintenance of PRA records and the difficulties in use of computer-produced issue reports to identify "liquidation" of manually-recorded encumbrance data. The advantages accruing to personnel engaged in maintenance of the detailed PRA records if the direct funding procedure was adopted would be the automation of these data in the same way that obligation data is now produced.

[] O/C representative, stated that O/C's initial preference is for direct funding offering the potential for more simplified financial procedures. He also expressed concern over implications to O/C funds of the 5% price adjustment made on stock items which are costed to requisitioning components.

ADMINISTRATIVE-INTERNAL USE ONLY

ADMINISTRATIVE-INTERNAL USE ONLY

PPA/PRA STUDY WORKING GROUP DIARY

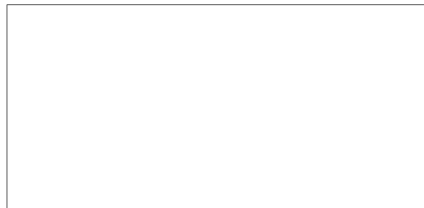
Page 4

[redacted] DD/O representative, commented that the DD/O tends to support the present PPA/PRA system. However, he stated that the present system is not completely responsive or satisfactory and further study should be undertaken to correct deficiencies. For example, DD/O needs to know the cost of materiel used by DD/O. Under the present system it does not receive this management information in a consistent fashion. Materiel issued from the central inventory is costed through the PRA but materiel issued from OTS cognizant stocks and O/C agent communications stocks is costed to OTS and O/C respectively. These offices in turn provide statistical information to DD/O in a format, timing, and content that is not consistent with information on central inventory issues. He stated that the modified PPA/PRA option appeared to be the least desirable among the three options in view of potential problems to operating components in identifying, for purposes of budget estimates and requisition obligation, between direct items and stock items.

STAT

17 December 1974

The PPA/PRA Study Working Group met to review conclusions on the meeting with the Directorate Consultant Panel and to agree on subsequent action by the Working Group. Attending the meeting were:



STAT

After review and discussion of the Diary on the meeting with the Directorate Consultant Panel, the Working Group agreed that:

As a group, the directorate representatives tended to support either direct funding or the current PPA/PRA system with improvements. However, it would be a mistake to infer consensus with any one option and further study is necessary before selection of any one option is recommended by the Working Group.

The apparent procedural simplicity tended to influence the directorate representatives toward the direct funding option.

ADMINISTRATIVE-INTERNAL USE ONLY

ADMINISTRATIVE-INTERNAL USE ONLY

PPA/PRA STUDY WORKING GROUP DIARY

Page 5

*This is
idea not
mine*

After further discussion, the Working Group agreed that the next action step will be development of a procedure design for the direct funding option. Since the modified PPA/PRA option would have characteristics of both systems procedures, development of a procedure design for the direct funding option will also serve as the basis for procedural review of the modified PPA/PRA system. The completed procedure design for direct funding will permit a line-by-line comparison with the current PPA/PRA system procedures to identify problems or weaknesses and to serve as a checklist of advantages--pluses--and of disadvantages--minuses--for relative comparisons among the three options.

The facet of the direct funding option representing the most radical departure from the current PPA/PRA system and the one that requires the most study is extension of inventory budgeting to all stocks. [redacted] then reported on the statistical information now being prepared by OJCS for use of the Working Group in developing the procedure design and for consideration as a continuing report under the direct funding option. The information being prepared by OJCS is intended to draw a "profile" of the current inventory and to answer such questions as: Whose materiel requirements are now being met by the current inventory? What are the numbers of line items and dollar value of stock items maintained against these requirements? What is the annual accession and issue experience for these requirements? To what extent are inventory items maintained for requirements of individual components in contrast with multi-component requirements? To what extent are inventory transactions funded in contrast with unfunded transactions? The statistics being produced cover the period 1 July 1973 through 30 June 1974.

[redacted] agreed to prepare a critique, from the viewpoint of senior Agency budget managers, on the experience with the OTS and O/C agent communications materiel inventory budgets including format, information content, relevancy, efficiencies, control, etc. This will serve as the basis for development of a design procedure for inventory budgeting under the direct funding option.

An old problem for supply managers is identification and quantification of materiel requirements, particularly those with long procurement lead-times and those with erratic use demands. This problem will be exacerbated under the direct funding concept where inventory budgets are to be prepared many months before the commencement of a fiscal year. Mr. [redacted] will prepare a study paper which addresses the subject of determining materiel requirements for budget purposes.

ADMINISTRATIVE-INTERNAL USE ONLY

*I can't
wait to
see this*

~~ADMINISTRATIVE-INTERNAL USE ONLY~~

PPA/PRA STUDY WORKING GROUP DIARY

Page 6

[redacted] will prepare design procedures under the direct funding option as they pertain to the logistics systems--i.e. supply and procurement--and a comparative analysis of the direct funding option with the current PPA/PRA system and the modified PPA/PRA system.

STAT

[redacted] will prepare design procedures under the direct funding option as they pertain to the budget and finance systems and a comparative analysis of the direct funding option with the current PPA/PRA system and the modified PPA/PRA system.

STAT

Completion of the individually-assigned studies is targeted for 31 January 1975 for review by the whole Working Group.

~~ADMINISTRATIVE-INTERNAL USE ONLY~~